



Department of Justice

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District of Oregon

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OREGON MAN PLEADS GUILTY TO SELLING CORN

FALSELY LABELED AS ORGANIC

Defendant Sold 4.2 Million Pounds of Conventional Corn Falsely Labeled As Organic

EUGENE, Ore. – Today, Harold Chase, 54, of Springfield, Oregon, pleaded guilty to wire fraud for selling more than 4.2 million pounds of corn falsely labeled as organically grown. By falsely labeling the corn as organic, defendant doubled his profits, selling the corn for more than \$450,000. Much of the corn was purchased by Oregon companies as organic feed for livestock.

According to the plea agreement and court documents, defendant sold Grain Millers, Inc., a company based in Eden Prairie, Minnesota, more than 4.2 million pounds of corn falsely labeled as organically grown. The sale came after defendant faxed Grain Millers paperwork fraudulently claiming that he had purchased organic corn from a U.S. Department of Agriculture certified organic grower in Milton Freewater, Oregon. In reality, defendant, using several aliases to conceal his scheme, purchased the organic corn from a variety of conventional corn growers.

Based on defendant's misrepresentations, Grain Millers unwittingly sold the falsely labeled corn to its customers as certified organic corn, who used the mislabeled corn to produce their organic products, i.e. organic meat and dairy products, and sold such products to the public as USDA certified organic products.

U.S. Attorney Amanda Marshall remarked, "The integrity of federal regulatory programs such as USDA's organics program ensures that consumers not only get what they pay for, but also ensures that the products they purchase are authentic—that is, they are what they say they are and are used accordingly. Violators of such regulations attack the integrity of these programs and will be held accountable."

"The Office of Inspector General (OIG) will continue to investigate violations of USDA's Organics program so that consumers can feel confident when they buy agriculture products labeled organic. They deserve to get what they paid for," said USDA Special Agent in Charge, Lori Chan. "This case is the first OIG investigation in Oregon that resulted in criminal charges being filed for National Organic Program (NOP) violations. Nationally, this is the fifth OIG investigation related to NOP that resulted in a Federal indictment."

“USDA organic standards are fundamentally rooted in strict rules. Many organic farmers and processors commit to this system of farming, and the National Organic Program is serious about protecting that commitment,” said Miles McEvoy, Director of the National Organic Program, U.S. Department of Agriculture. “Our mission is to ensure the integrity of USDA organic products in the United States and throughout the world. Our enforcement efforts, including onsite investigations, constitute a critical part of that mission, as evidenced by this case. Additionally, the incident reveals why recordkeeping is such an integral component of the organic certification system. We urge certified operations to continue due diligence in reviewing suppliers’ records and working with their certifiers closely.”

Sentencing is set February 14, 2012 at 10:00 a.m. before U.S. District Judge Ann Aiken. The maximum penalty for wire fraud is 20 years in prison and a \$250,000 fine.

This case was investigated by the U.S. Department of Agriculture, Office of Inspector General and is being prosecuted by Assistant U.S. Attorney Scott E. Bradford.

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